

S02/04/2016

**APPROVAL OF BUDGET: 2016/2017 FINANCIAL YEAR (MTREF)
(CFO)**

RESOLVED (THAT):

1. The consolidated operating budget amounting to **R455,076,560** as set out in the Municipal Budget Document as well as the relevant appropriation votes and budgeted cash flows are adopted by Council and constitute the Budget of the Victor Khanye Local Municipality for the 2016/2017 financial year.
2. Council note that the employee cost of Council is excessively high due to the new Bargaining Conditions with effect from October 2013 as well as the Upper Limits for Public Officers. The calculations for shift allowances, acting allowances and standby allowances have a huge impact on the budget in respect of employee costs.
3. Council take note that the inclusion of insurance paid on behalf of Councillors according to the Upper Limits for Public Officers increased the insurance premium of Council substantially.
4. The capital budget to the amount of **R118,067,857** as set out in the Municipal Budget Document as well as the relevant appropriation votes and funding sources are adopted by Council and constitute the Capital Budget of the Victor Khanye Local Municipality for the 2016/2017 Financial year.
5. The current cash flow situation of Council is under severe pressure and thus a separate report on cost containment be prepared in terms of National Treasury Circular 70,72 and Circular 82 to ensure that council continue to service its monthly liabilities and submitted in the next Council meeting.
6. The supporting information contained in the 2016/2017 to 2018/2019 Medium Term Revenue and Expenditure budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act no. 56 of 2003) be endorsed.
7. The tariff structure as set out in the Municipal Budget Document be adopted by Council and constitute the tariff structure of the Victor Khanye Local Municipality for the 2016/2017 financial year for implementation with effect from 1 July 2016.
8. The indicative medium term budgets for the 2016/2017 and 2018/2019 financial years, as set out in the Municipal Budget Document, are adopted by Council and constitute the indicative medium term budget of the Victor Khanye Local Municipality.
9. Council take note of the following budget related policies attached as **ANNEXURE S01 – 1** and approve all amendments to such policies:
 - 9.1. Revenue Enhancement Strategy

- 9.2. Indigent Policy
- 9.3. Tariff Policy
- 9.4. Debt collection and Credit Control Policy
- 9.5. Provision for doubtful debt and write off Policy
- 9.6. Cash Management and Financial Procedures Policy
- 9.7. Supply Chain Management Policy
- 9.8. Property Rates Policy
- 9.9. Petty Cash Policy
- 9.10. Inventory Policy
- 9.11. Asset Management Policy
- 9.12. Virement Policy
- 9.13. Loss control Policy

10. Service delivery objectives and plans (SDBIP) for each of the votes as set out in the 2016/2017 Municipal Budget Document be drafted and submitted to the Executive Mayor for approval and tabled in Council for notification.

11. The projects of the Nkangala District Municipality be approved as they are subjected to the confirmation from the district for any changes that may be affected as requested by the Council.





VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

CREDIT CONTROL POLICY

1 July 2016 – 30 June 2017

Policy Number:	Approved by Council:
Resolution No:	Review Date:

1. INTRODUCTION

This policy is applicable to Victor Khanye Local Municipality only. In terms of section 80 of the Local Government: Municipal Systems Act, 32 of 2000, the Municipality may enter into service delivery agreements with service providers to provide municipal services to customers. In such instances the internal credit control and debt collection policies of those entities may differ from this policy, but shall always be subject to the promulgated Credit Control and Debt Collection By-Laws in terms of Article 9. Section 96 of the Local Government: Municipal Systems act, 32 of 2000 further stipulate that "A municipality – (a) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and (b) for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of the Act", Thus the existence of this policy which is reviewed annually.

2. PURPOSE

This policy has been compiled as required in terms of Section 97 of the Local Government: Municipal Systems Act 32 of 2000 (hereinafter referred to as the Act) and is designed to provide for credit control and debt collection procedures and mechanisms. It also aims to ensure that the Municipality's approach to debt recovery is sensitive, transparent and is equitably applied throughout the Municipality's geographic area with the objectives of sustainable service delivery, which contributes towards the fulfillment of the following constitutional mandate as required by Section 152 (1) & (2) of Act no 108 of 1996 (Constitution of the Republic of South Africa).

1. (a) To provide democratic and accountable government for local communities
 - (b) To ensure the provision of services to communities in a sustainable manner
 - (c) To promote social and economic development
 - (d) To promote a safe and healthy environment
 - (e) To encourage the involvement of communities and community organizations in the matters of local government.
2. A Municipality must strive, within its financial and administrative capacity to achieve the above-mentioned objectives.

3. DEFINITION

Account:-

Any account rendered for municipal taxes, services and other charges. This includes charges raised as a result of damages to Municipal property.

Act:-

Means the local government: Municipal System act, act no.32 of 2000

Arrangement:-

Means a written agreement entered into between the municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section i (3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.

Arrears:-

Any amount due, owing payable in respect of municipal services not paid by due date.

Credit Control:-

Means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

Consolidated account:-

A monthly account reflecting municipal service fees, charges, surcharges on fees, property rates and other municipal taxes, levies and duties and all consolidations in terms of Section 102 of the Act

Council:-

Means the Victor Khanye Local Municipality, a municipal council as referred to in chapter 7 of the Constitution of the Republic of South Africa, act no 108 of 1996.

Customer:-

Means any person to whom a service is rendered and levied or charged in terms of the tariff structure of the council.

Debtors:-

A person who owes the municipality money for services consumed and to whom an account was rendered.

Debts Collectors:-

Means an external person or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the conditions contained herein.

Debtor's socio-economic status:-

It is the situation within which a debtor is perceived to be living in, which will assist in assessing how much income does the debtor generate thus how much can the debtor be able to pay for arrears.

Defaulter:-

Any customer in arrears.

Deemed owner:-

Means a person, who is not the registered owner of the property, in occupation of such property by virtue of the Black Administration Act.

Employer:-

Means an employer as defined in paragraph 1 of the seventh schedule of the Income tax act, act no 58 of 1962;

Illegal tempering:-

It is the unauthorized handling of municipal infrastructural assets, with the intention to distort information that can be accessed from such machinery or with the intention to consume services in a fraudulent manner.

Indigent:-

A person who is needy and furthermore who generates no income or generates income which is so minimal that he can't make a worthwhile contribution towards the payment of municipal services.

Level 1 cut-off:-

The electricity supply to the property will be discontinued at the meter box and a seal will be installed. In respect of water supply a washer will be installed in the supply pipe to reduce the supply to a minimum basic supply of not more than six kiloliter per month. A notice to this effect will be delivered to the property requesting the occupier to contact the debt collection unit in order to make arrangements for the payment of the outstanding amount. Arrangements for longer than 12 months should be approved by the Municipal Manager.

Level 2 cut-off:-

The electricity supply to the property will be discontinued at the pole outside the property and a seal will be installed. In respect of water supply a washer or

a pre-paid water meter will be installed to reduce the supply to a minimum basic supply of not more than six kiloliter per month and a locking device will be installed over the main tap to ensure limited supply. A notice to this effect will be delivered to the property requesting the occupier to pay the outstanding amount in full before the supply to the property will be restored.

Monthly average consumptions:-

Means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding or succeeding twelve months.

Occupier:-

Includes any person in actual occupation of premises without regard to the title under which they occupy, if any;

Owner:-

In relation to premises means the person, natural or legal, who from time to time is registered as such in a deeds registry as defined in the Deeds Registries act, act no 47 of 1937.

Person:-

Means any natural person, local government body or similar authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, a public utility body, voluntary association or a trust.

Prescribed debt:-

Means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969

Service:-

Means any service rendered by the council, in respect of which an account may be rendered, excluding any service rendered by the council as an agent for another principal.

Standard rate of interest:-

Means the interest rate as determined by the council from time to time.

Tariff:-

Means the scale of rates, taxes, duties, levies or other fees which may be imposed by the municipality in respect of immovable property or for municipal services provide.

Tariff Policy:-

Means a Tariff Policy adopted by the council in terms of section 74 of the Local Government: Municipal system act 32 2000

4. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

- 5.1 Ensure that all monies due and payable to the municipality are collected;
- 5.2 Provide for credit control procedures and mechanisms and debt collection procedures and mechanisms;
- 5.3 Provides for indigents in a way that is consistent with rates and tariff policies and any national policy on indigents subject to the indigent Policy of the municipality.
- 5.4 Set realistic targets consistent with generally recognized accounting practices and collection ratios and the estimates of income set in the budget less an acceptable provision for bad debts;
- 5.5 Provide for the interest charge on arrears, where appropriate; and provide for extension of time for payment of an account;
- 5.6 Provide for disconnection of services or the restriction of the provision of services when payment are in arrears; and also provide for matters relating to unauthorized consumption of services, theft and damage;

Victor Khanye Local Municipality would like to give priority to the basic needs of the municipality, promote the development of the local community, ensure that all members of the municipality have access to at least the minimum level of basic municipal service, which are equitable, accessible, and are provided in an economically & environmentally sustainable manner.

This policy aims to stimulate and maintain cost recovery measures in the provision of services so that the level, standard and quality of municipal services can be reviewed and improved over a period of time.

5. PRINCIPLES

- 5.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected officials (councilors) are responsible for policy-making, while it is the responsibility of the Municipal Manager to execute these policies.
- 5.2 All consumers must complete an official application form formally requesting the municipality to connect them to service supply lines
- 5.3 Billing is to be accurate, timeous and understandable
- 5.4 Enforcement of payment must be prompt, consistent and effective
- 5.5 By completing the prescribed application form for the provision of municipal services the customer of services enters into an agreement with the municipality. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit act(NCA) but shall be incidental credit as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.
- 5.6 Application forms will be used to categories consumers, to determine the amount of the deposit payable by the consumer and whether the customer qualifies for indigent support, pre-payment of credit meters
- 5.7 Depending on Credit Rating Council may provide reduced levels of services to manage the debt growth
- 5.8 Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution
- 5.9 Incentives and disincentive may be used in collection procedures
- 5.10 The policy must be implemented with equity, fairness and consistency
- 5.11 The level of services provided to consumers who regularly defaults will be reduced
- 5.12 Debts and arrangement to repay debts shall be treated holistically, but different repayment periods or methods may be determined for different types of service, consumer or areas within the general rule that the repayment period should be in sympathy with the installments that the consumer can afford

6. CREDIT CONTROL MEASURES

If the customer fails to pay any account within a period of seven (7) days after the expiry of the due date then:-

- The Municipality may limit, disconnect or discontinue the supply of electricity or water to the immovable property in question
- The Chief Financial Officer or duly authorised person may instruct attorneys to recover the outstanding amounts owed

- The limitation, disconnection or discontinuation of the supply of electricity or water shall be effected in the manner that is customarily used or by taking such reasonable and lawful steps as may be necessary
- Any disbursement or charges incurred or raised in respect of the limitation, disconnection or discontinuation of the supply of electricity or water shall be paid by the customer
- Prior to the limitation, disconnection or discontinuation of the supply of electricity or water, the municipality shall:-
 - i. Provide the customer with adequate notice, including:-
 - i. The date and time of the proposed limitation, disconnection or discontinuation
 - ii. The reason for the proposed limitation, disconnection or discontinuation
 - iii. The place at which the customer can challenge the basis of the proposed limitation, disconnection or discontinuation.
- If a customer unlawfully reconnects or attempts to reconnect a supply of electricity or water that has been limited, disconnected or discontinued, then:-
 - i. The municipality may disconnect or discontinue the supply entirely by removing the service connection from the premises; and
 - ii. Any disbursements, penalty or reconnection charges, together with any outstanding amounts owed in respect of rates or municipal services, must be paid in full or approved arrangement before a reconnection can be made
- Subject to council's capacity at the time to restore such service, disconnected services will be restored within a reasonable period of time after the consumer produces proof of payment of the required amount. Services will only be restored during the official business hours of council, except in the case of an emergency (in the discretion of council), when an additional after hours fee will be charged as prescribed by council;
- The onus is always on the consumer to request reconnection and prove payment
- Council reserves the right to deny or restrict the sale of electricity or water to consumer who are in arrears with their rates or other municipal charges
- The cost of the restriction or disconnection, and reconnection, will be determined by tariffs agreed by Council and will be payable by the consumer
- Should a consumer default in terms of an arrangement, council may refuse further extension of payment and full outstanding amount due to council will be payable. The full outstanding amount will be payable before services are reconnected
- If a tenant fails to settle the outstanding amount for municipal services the owner of the property becomes the debtor of last resort.

6.1 Registration

Residential – the Municipality will endeavor to register owners only for services on their properties.

- Tenant registrations currently in place will continue until the tenant vacates, the account is closed or the Municipality cancels the contract of the tenant in default in terms of clause

Business – the Municipality will continue to register tenants for services.

Government – the Municipality will continue to register tenants for services. The respective Government Departments shall be held liable for the debts on their property.

Sundry accounts – The customer must provide the Municipality with a Municipal account number or rate account number. If the customer does not have an existing Municipal account, then a new account must be created.

The Municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the Municipality, into one consolidated account.

No registrations or additions to the customer database can be processed unless legal documentation acceptable to the Chief Financial Officer has been produced in each instance.

If there is an outstanding debt on the property, this debt must be settled in full, or suitable payment arrangements must be made by the owner of the property, before any customer / owner is registered for services.

Customers who fail to register and who illegally consumer services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.

Where the purpose for or extent to which any municipal service used is changed the onus and obligation is on the customer / owner to advise the Municipality of such change.

6.2 Deposits payable

All deposits will be adjusted annually with a rate to be determined by council and will be charged before a new connection to electricity or water supply is made. In respect of indigent users, no deposit will be levied if such indigent user is registered in terms of council's indigent policy.

In cases where a service provider is already connected to council's supply without a deposit paid, such services will continue until the connection is registered into the name of a new service debtor. However, council will encourage service debtors to pay a deposit if they are already connected.

A separate deposit register must be maintained and reconciled on an annual basis. Deposits should be paid in cash, however in the instances of a bulk services consumer a bank guarantee in favor of council can be presented and safe guarded by council until the services are terminated.

When a deposit giver terminate his/her municipal services, all amounts outstanding must be paid or recovered before the deposit, or the remainder part thereof, can be reimbursed to the deposit giver.

6.3 Interest Payable

Interest will be levied on all outstanding amounts, not fully paid by the due date, on the municipal account.

Interest will be levied in accordance to the standard rate of interest as determined by council from time to time. Council may approve a standard rate of interest which is linked to the bank prime interest rate. In the absence of a council resolution, the rate of interest will be prime+2%.

6.4 Responsibility for amounts due

In terms of Section 118 (3) of the Act an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.

Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any other person.

The municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property.

No new services will be permitted on a property until debts on the property are paid, or suitable arrangements made to pay such debts.

Where the property is owned by more than one person, each such person shall be liable jointly and severally, the one paying the other to the absolved, for all Municipal debts charged on the property.

Except for property rates, owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.

Directors of Companies, members of Close Corporation and Trustees of Trusts shall sign personal surety ships with the Municipality when opening service accounts. If they are unable to sign the personal surety then a deposit equivalent to twice the usual deposit shall apply.

- For so long as a tenant or an occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing, then the Municipality may recover from such tenant, occupier or agent such monies as are owing by the tenant, occupier or agent to the owner, as payment of the arrears owing by such owner.
- The Municipality may recover the amount in whole or in part despite any contractual obligation to the contrary on the tenant / occupier / agent.
- The amount the Municipality may recover from the tenant, occupier or agent is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent.
- Should the tenant, occupier and / or agent refuse to pay as above, to the Municipality, the services of the tenant, occupier and / or agent may be disconnected.

Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute.

Pre-paid meters shall not be installed until all outstanding debt has been paid in full, subject to clause 6.5 hereto.

The owner of the property may be held liable for tampering with the electricity metering equipment or the water metering equipment on the property as well as charges that arise therefrom.

6.5 Allocation of payments

Payments from debtors will be allocated in priority sequence as follows to the various municipal services:

- Property tax
- Refuse services
- Sewerage services
- Other miscellaneous charges
- Water supply
- Electricity supply

6.6 Payments on municipal accounts via the pre-paid electricity system

Council will maintain a 80/20 allocation system on the purchase of pre-paid electricity. In respect hereof council will maintain a process whereby the financial system will verify if any amounts are outstanding on the municipal account of a debtor tendering an amount for the purchase of pre-paid electricity. If such a debtor owes council monies, consumer must pay his 30

days account in full before water can be purchased. 80% of the amount tendered for electricity purchase will be allocated to the outstanding municipal account of the property. Electricity to the value of the remaining 20% will be issued to the debtor.

The allocation will be disclosed on the pre-paid note issued to the debtor as well as on the monthly municipal account send to the said debtor.

The abovementioned verification process will test for any amounts outstanding on the account, regardless of the fact if it is in arrears or a current debt. This process will be electronically maintained and no arrangements made by any debtor will override this process. All payments received via this process will be allocated in accordance to the priority set under paragraph 6.5.

Council reserves the right to deny or restrict the sale of electricity or water to consumer who are in arrears with their rates or other municipal charges for more than 90 days for a minimum of R3 000.00

6.7 Payments on municipal accounts via the pre-paid water demand management system

Council will maintain a 80/20 allocation system on the purchase of pre-paid water on the water demand management system. In respect hereof council will maintain a process whereby the financial system will verify if any amounts are outstanding on the municipal account of a debtor tendering an amount for the purchase of pre-paid water. If such a debtor owes council monies, consumer must pay his 30 days account in full before water can be purchased. 80% of the amount tendered for water purchase will be allocated to the outstanding municipal account of the property. Water to the value of the remaining 20% will be issued to the debtor.

The allocation will be disclosed on the pre-paid note issued to the debtor as well as on the monthly municipal account send to the said debtor.

The abovementioned verification process will test for any amounts outstanding on the account, regardless of the fact if it is in arrears or a current debt. This process will be electronically maintained and no arrangements made by any debtor will override this process. All payments received via this process will be allocated in accordance to the priority set under paragraph 6.5.

6.8 Debt collection process

The debt collection process will be maintained by the Debt Collection Unit and will be under the supervision of the Assistant Manager (Revenue services).

In respect of the collection of debts owed to the municipality the following process will be followed:

1. All water and electricity meters will be read on a monthly basis and captured on the financial system before the monthly billing cycle. Meters are read and captured manually however the use of electronically systems need to be encourage with the aim to reduce human error to the minimum. Exception reports to be generated to detect incorrect readings and corrections to be made.
2. Billing cycle to be performed after all meter readings are captured. Data submitted to service provider for the posting of municipal accounts.
3. Due date for payment of municipal account indicated on the tax invoice send to debtors.
4. The following facilities to be maintained for the payment of municipal accounts:
 - a. Cashier points at Delmas and Bottleng,
 - b. EFT payments direct into the bank primary bank account,
 - c. Debit order system maintained by the municipality through a separate secondary bank account,
 - d. Direct deposits into the bank account at any Standard Bank branch.

If the account is not paid by the due date it will be handed over to the debt collection unit to recover the arrear debt.

6.9 Arrear debt collection

If the customer fails to pay any account within a period of seven (7) days after the expiry of the due date then:-

The steps mentioned above in the first paragraph of credit control measures will prevail.

After the notice is issued and the time frame has lapsed the following process commence:

- (i) If the debtor pays the account in full no further action is necessary.
- (ii) If the debtor cannot pay the account in full an agreement (an acknowledgement of debt) can be entered into. An arrangement, to pay the outstanding debt, between council and the debtor is agreed on.
- (iii) The monthly installment for residential users must be determined according to the debtor's social economic status, provided that the minimum monthly payment shall be the current account plus the agreed on installment for the outstanding account. For debtors, other than private households, the extension for the payment of arrears will only be

allowed after a substantial amount is paid upfront on the arrears. The amount to be determined by the Chief Financial Officer or a senior official in the Revenue Section being the Assistant Manager, Accountant or the senior person in the debt collection unit. All payments received will first be allocated towards the current account and only thereafter the remaining amount will be allocated to the oldest outstanding debt.

- (iv) Only debtors with positive proof of identity or an authorized agent with a power of attorney will be allowed to make arrangements to pay. All arrangements will be monitored by the debt collection unit to ensure that debtors honor their arrangements. Debtors whom dishonored their arrangement will be dealt with as per paragraph (vi) hereunder.
- (v) The interest on outstanding amounts will be applicable at the standard interest rate as determined by council, being prime rate plus 2%. The outstanding accounts of households registered in terms of council's Indigent policy will not be charged with interest.
- (vi) Defaults on arrangements will result in appropriate measures being taken by council including but not limited to the cancellation of installments, the restriction or disconnection of the supply of water and/or electricity or the discontinuance of any other service to the premises. In the absence of reaction on the final notice referred to above, the electricity supply to the property of the debtor is discontinued (level 1 cut-off). A notice is delivered at the property of the debtor to notify him/her that the cost of the level 1 cut-off, will be charged against his/her account.
- (vii) With regards to properties where electricity is not supplied by council and in the absence of the required reaction as mentioned above in respect of the final notice, the water supply to the property is restricted by the installation of a trickier washer which will only allow access to the basic water supply being six kiloliter per month.
- (viii) Once the debtor enters into a payment arrangement with council or pay his account in full the service to the property will be restored.
- (ix) In the circumstances of no further reaction from the debtor after the services were restricted to the property, the debt collection unit will, via the field workers, revisit the property after 14 days to ensure that the service is still discontinued. If it is found that the property is reconnected, a tamperproof disconnection, (level 2 cut-off) will be performed to ensure a more tamperproof disconnection. The cost hereof will be charged against the account of the debtor.
- (x) In the case of a level 2 cut-off the services to the property will only be restored once the arrear account is paid in full.

(xi) If consecutive follow-up actions due to no reaction by the debtor reveal that a disconnection has been tampered with, another level 2 disconnection, will take place in the case of electricity, or the installation of a trickier in the case of water, are done. The account of the debtor is once again charged with the cost of these actions and the legal steps are taken to collect arrears where the cut-off actions yielded not satisfactory results.

(xii) Accounts which are less than R3,000, will not be handed over for legal action due to the legal costs exceeding the capital amount. All legal and related costs will be charged to the account of the property debtor. Legal actions will not be instituted against households registered in terms of council's Indigent policy.

(xiii) In circumstances when a property owner intends to sell his/her property and applies for a clearance certificate in terms of Section 118 of the Systems Act, No 32 of 2000, such property owner will be liable for the payment of all outstanding amounts on the same property for the preceding two years, regardless of the fact if it is his/her own debts or those of a tenant or any other occupier of the property. A clearance certificate, certifying that all outstanding amounts for the immediate past two years in respect of a property are paid in full, will only be issued by the municipality once proof of such payment can be presented by the registered owner of the property.

One of the following measures will be used by a Municipality to enforce section 118(3) of the Local Government: Municipal Systems Act, 32 of 2000:

- i. Attempting to obtain full payment of all municipal debt from the seller.
- ii. Requesting the seller to authorise the conveyancer to provide an undertaking that payment will be made of any unpaid debt, out of the proceeds of the sale of the property, if sufficient, upon registration of transfer in preference to any bond holder.
- iii. Informing the purchaser that should there be any municipal debt outstanding against the property, such debt is a charge against the property, and that such purchaser shall be liable for such debt which is still owing after registration and that the continued supply of municipal services to the property may be affected while the debt remains outstanding.
- iv. Interdicting the transfer of the property until the municipal debt is paid in full.
- v. Interdicting the distribution of the proceeds of the sale.

7. CUSTOMER CARE AND MANAGEMENT

Councilors are responsible for policy making and officials are responsible for executing policies which will be agreed upon within council, so that they can be implemented and supported by councilors and officials equally. There will be a report on areas of weakness identified and achievement gained.

- Consumers will be treated according to the Batho Pele Principles – Consultation, access, value for money, openness and transparency, accountability, redress, courteous, be supplied with all the necessary information. Various forms of communication with the community within the municipal area will be created and utilized.
- There will be means of communicating with the community about the level of services that they will be receiving, the cost involved in the provision of the service, the reason for the payment of the service fees and the manner in which monies raised from service are used.
- Consumers/users will be provided with different mechanisms to measure the performance, and to provide feedback to the municipality about the type of service received including its quality and value for money. (The mechanisms will be stated in the municipality's communication strategy).

The consumers will also be informed about the system, which will be used for measuring and billing, their consumption of various services in an accurate and verifiable manner.

Communication Strategy

The community will at all times be made aware of the Credit Control and Debt Collection measures that council is implementing through various means which, are possible and accessible to the existing and potential debtors of the municipality

- (a) Considering the fact that the Municipality is legally compelled to implement its credit control and debt collection policy, ward committees may be requested to submit positive executable proposals to support the matter, and make it more acceptable to the community.
- (b) That the Municipal Manager could be requested to draw-up a notice regarding the Policy, and or that the policy be published in Public Places and be distributed to all households in the Municipality's area of jurisdiction

Disputed Amounts

If a user has a dispute with regard to his/her account, such dispute should be presented in writing, arrangement could be made, (an official could write for those who can't) and will be investigated by the assigned Municipal official, in the meantime, the user may postpone the payment on that part/portion of the account which is under dispute, however, the remainder part of the account must be paid on due date. Should it be discovered that the fault lie with the Municipality, the user's account will be corrected, however, if the fault lies with the user, the user will be liable to pay the outstanding amount, plus a service fee, if applicable, as well as interest which might have been accumulated.

Account collection agreements

The municipality may enter into account collection agreements for the payment of services with various employers or agents who will act on behalf of council to recover outstanding amounts.

8. CREATION OF A DATA BASE

- (1) Credit control and debt collection starts when the customer applies for municipal services and every customer must complete an application form.
- (2) The application form will be used to get credit information on customers. It will also assist with the identification of those who qualify for indigence support and those who should only have access to restricted consumption, such as prepaid meters.
- (3) The application form will be a binding contract between the council and the customer and will inform the customer of the conditions on which the service is rendered.
- (4) A copy of the application form, the conditions on which the service is rendered, the council's credit control and debt collection policy and the credit control and debt collection by-law will be handed to every customer who might request it from time to time.

9. CREDIT CONTROL & DEBT COLLECTION PROCEDURES AND MECHANISMS

- (1) Reasonable access to pay points and various forms of payment will be provided.
- (2) Enforcement of payment will be prompt, consistent and cost-effective.
- (3) Criminal conduct will result in prosecution in court.
- (4) Non-payment by debtors of their accounts has a direct negative impact on the ability of service delivery to other consumers.
- (5) Current account levied not paid by the indicated due date are in arrears and all debtors with arrears are subject to credit control measures.
- (6) Credit control measures are applied with pro-active reminder or warning. Account statements are regarded as reminders of the arrears status of the account as well as stating the intention to take credit control measures.
- (7) No metered services can continue to be delivered to any unknown consumer, who is not registered with the municipality as a consumer.
- (8) Refusal by banks to honour payments by cheque or debit order is regarded as non-payment, upon which the relevant debtors are subject to credit control measures as well as the payment of the approved tariff.
- (9) Client who make no further use of any service but still owe an amount, are inactive debtors who, after the submission of a second inactive account statement to their latest known postal addresses are handed for legal action or alternative Credit Control and Debt Collection procedures.

10. IRRECOVERABLE DEBTS

The Municipal Manager must ensure that all avenues are utilized to collect the municipality's debt.

There are some circumstances that allow for the valid termination of debt collection procedures (Council approval required)

- The insolvency or demise of the debtor, whose estate has insufficient funds
- A balance being too small to recover, for economic reasons considering the cost of recovery(R3 000.00)
- Prescription
- When the debtor relocates and two tracing agents are unable to trace the current whereabouts of the debtor

- All reasonable notifications and cost effective legal avenues to recover the outstanding amount have been exhausted.
- The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate
- It is impossible to prove the debt outstanding
- The outstanding amount is due to an administrative error by council or by Council resolution, on good cause shown
- The debt has matured.

With the exclusion of approved indigent applicants, outstanding amounts of debtors be submitted from time to time to Council for considering the writing off thereof should circumstances requires it. With each submission to council, the circumstances will also be reported to council for consideration.

Should money be received from debtor after the debtor's account was written off then the amount should be paid into the Provision for Bad Debts.

11. INDIGENT CONSUMERS

Please refer to the Victor Khanye Local Municipality's indigent Policy.

Households are subsidized with 6kl of water and 50kWh electricity per month. Should this be exceeded the debtor will be held liable for the account.

The subsidy for the indigents will be funded form the equitable share / intergovernmental grant.

Electricity as well as the water consumption in excess of 6kl will be levied separately on the municipal account if applicable.

12. DISCOUNT SERVICES

From time-to-time the municipality will issue announcements on the categories of people deserving discount.

13. ILLEGAL TAMPERING AND DISCONNECTION

Should a meter of a consumer / user be found to be tampered with, a **penalty** will apply according to the amount approved by Council in the tariff structure. A new meter will only be installed after the payment has been made in full or acceptable arrangements have been made. The penalty must be paid in full and no arrangements may be made for the payment of the penalties.

If a consumer tampers with the supply of electricity/water, the supply will be terminated and the consumer will receive a notice about the illegal connection, and that his/her action constitutes a criminal offence.

An average consumption will be levied on an account for the period the consumer ceased purchasing electricity before any reconnection can be authorized. The calculated average will be debited to the consumer's account.

14. RIGHT OF ACCES

The municipality has the right of access to premises (at reasonable times) to read, inspect, install, disconnects, restrict the provision of services, and repair service connections for reticulation.

15. INCOME TARGETS

Income as set in the budget less on acceptable provision for bad debt.

16. Staff and Councilors in arrears

- I. Item 10 of Schedule 2 to the Act states that – “A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than three (3) months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period.”
- II. In the case where an official is in arrears for a period of sixty (60) days a written notice will be issued to that official and given a period of fourteen (14) calendar days to pay the outstanding amount or make arrangements.
- III. Failure to pay the outstanding amount or to make acceptable arrangements for repayment will result in the deduction of the outstanding amount, the terms will be determined by the Accounting Officer / CFO.
- IV. In accordance with Schedule 1, item 12A of the Systems Act, a Councillor of the Municipality may not be more than 3 (three) months in arrears for municipal service fees, surcharges on fees, rates or any other municipal taxes, levies and duties levied by the Municipality. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillor's remuneration after this 3 (three) month period.